

Request for City Council

For the

City of Ingleside, Texas

Subject: Amendment of Fiscal Year 2015 Budget

Submitted by: Rosie Vela, Finance Director

For the Agenda of: November 18, 2014

Summary Statement:

Debt Service Fund/Utility Funds:

A portion of the Utility Debt is funded by property taxes, since the debt was sold with a tax pledge in the form of tax-based Certificates of Obligation or refunding General Obligation Funds. Using tax supported debt instruments is an advisable form of funding projects since the tax pledge usually results in a lower interest rate than revenue bonds.

The Utility Debt Issues which are supported by property taxes are:

- General Obligation Refunding Bonds, Series 2007;
- Certificates of Obligation, Series 2011; and
- A portion of the General Obligation Refunding Bonds, Series 2012.

In prior years, the budget was structured so that property taxes were transferred from the Debt Service Fund to the Utility Fund and then the debt service was paid from the Utility Fund.

In an effort to streamline the process, the Fiscal Year 2015 budget was developed reflecting a direct payment of debt service from the Debt Service Fund, rather than transferring funds to the Utility Fund, and then paying debt service from the Utility Fund.

It now appears that, due to accounting rules, direct payment of the utility debt from the Debt Service Fund would require that both the debt and related fixed assets would have to be transferred out of the Utility Fund to the General Fund if this process is followed.

Since the proper reflection of the debt and assets is in the Utility Fund, we are proposing an amendment to the FY15 budget, reverting to the former method of transferring funds from the Debt Service Fund to the Utility Fund and paying the debt service from the Utility Fund.

The budget amendment reflects the following changes:

1. Transfer from Debt Service Fund (Fund 40) of \$489,190 to the Utility Fund (Fund 50); and
2. Payment of Debt Service of \$489,190 from the Utility Fund (Fund 50) to the Bond Holders.

Ingleside Development Corporation (IDC) Fund:

In addition, the Ingleside Development Corporation (IDC) budget reflected a double-counting of staff costs, and is therefore overstated by \$9,696. We are proposing a reduction of expenditures from \$136,353 to \$126,657. In addition, the Fiscal Year 2014 budget was amended during the year and the budget amendments are being reflected in the new budget worksheet.

On Wednesday, November 5, the IDC heard a presentation from Econogine, LLC for an economic development partnership project with the City of Ingleside. Subject to the Council's approval, the IDC approved a \$20,000 contract with Econogine, LLC and increase to Fiscal Year 2015 expenditures. This would result in Fiscal Year 2015 expenditures of \$146,657 and ending fund balance of \$537,058.

Attachments:

1. Revised Fund Summary for all Funds;
2. Revised Schedule for General, Debt Service and Utility Operating Budgets;
3. Revised budget worksheets for:
 - a. General Debt Service Fund
 - b. Utility Fund – Revenues and Expenditures
 - c. Utility Fund Non-departmental;
4. A Revised Debt Service Schedule for Fiscal Year 2015; and
5. Revised budget worksheet for Ingleside Development Corporation (IDC – Fund 23).

FUND NAME		Operating Revenues	Operating Expenditures	Excess/ (Deficiency)	Other Sources (Transfers, etc)	Other Uses - Transfers, etc	Net	Beginning Balance (Proforma)	Ending Balance (Proforma)
10	General Fund	\$ 5,621,777	\$ 6,419,720	\$ (797,943)	\$ 806,142	\$ -	\$ 8,199	\$ 1,353,607	\$ 1,361,806
40	I & S Debt	\$ 829,288	\$ 807,143	\$ 22,145		\$ -	\$ 22,145	\$ 43,471	\$ 65,616
50	Utility Fund *	\$ 4,228,404	\$ 3,449,404	\$ 778,999	\$ -	\$ 806,142	\$ (27,143)	\$ 1,377,753	\$ 1,350,611
30	General Fund - Capital Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Utility Fund - Capital Improvement	\$ -	\$ -	\$ -			\$ -	\$ 1,594,142	\$ 1,594,142
21	Hotel Motel	\$ 175,250	\$ 121,400	\$ 53,850			\$ 53,850	\$ 490,799	\$ 544,649
23	IDC - 4B	\$ 142,098	\$ 126,657	\$ 15,441		\$ -	\$ 15,441	\$ 541,617	\$ 557,058
24	IDC - 4B Construction Fund	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
25	General Fund Grants	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
26	Home Grant	\$ 400,000	\$ 400,000	\$ -			\$ -	\$ 5,000	\$ 5,000
27	Safe Route Schools	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
28	Street Maintenance	\$ 141,669	\$ 150,000	\$ (8,331)			\$ (8,331)	\$ 65,531	\$ 57,200
29	TX Capital Fund	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
31	LRA	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
53	Utility Fund - RDA grant	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
54	Utility Fund - Impact Fees	\$ 18,250	\$ -	\$ 18,250			\$ 18,250	\$ 159,195	\$ 177,445
55	Utility Fund - DEAAG Grant	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
60	Asset Seizures & Forfeiture	\$ -	\$ -	\$ -			\$ -	\$ 1,176	\$ 1,176
70	Self Funded Insurance	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
GRAND TOTALS		\$ 11,556,736	\$ 11,474,324	\$ 82,411	\$ 806,142	\$ 806,142	\$ 82,411	\$ 5,632,291	\$ 5,714,702

* Depreciation Expense is not reflected in budget.

TOTAL GENERAL, DS AND UTILITY OPERATING BUDGET

REVENUES

FUND:		2012-2013 Actual	2013-2014 Budget	2014-2015 Budget	Change
	Beginning Fund Balances - combined	2,747,127	3,070,603	\$ 2,774,830.93	
	Revenues General Fund - Including Transfers from UF	\$ 5,708,840	\$ 5,919,564	\$ 6,427,919	\$ 508,355
	DS Fund -- Collected I & S	\$ 535,364	\$ 818,579	\$ 829,288	\$ 10,710
	Utility Fund 0.0%	\$ 4,472,085	\$ 4,185,253	\$ 4,228,404	\$ 43,151
	TOTAL	\$ 10,716,290	\$ 10,923,396	\$ 11,485,611	

EXPENDITURES

FUND:		2012-2013 Actual	2013-2014 Budget	2014-2015 Budget	Change
	General Fund Operating Expenses	\$ 5,411,452	\$ 6,224,972	\$ 6,419,720	\$ 194,748
	Debt Service Fund	\$ 529,767	\$ 804,579	\$ 807,143	\$ 2,565
	Utility Expenditures - Including Transfers UF to GF	\$ 4,451,595	\$ 4,189,617	\$ 4,255,546	\$ 65,929
	TOTAL	\$ 10,392,814	\$ 11,219,168	\$ 11,482,409	
	Net	\$ 323,476	\$ (295,772)	\$ 3,201	
	Ending Fund Balances - combined	\$ 3,070,603.26	\$ 2,774,830.93	\$ 2,778,032.31	
	TAX RATE	0.6800000	0.6250000	0.6150000	

TOTAL GENERAL-DS-UTILITY BUDGET

GENERAL FUND DEBT SERVICE

ACCT		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
550	DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
4010	PROPERTY TAXES	448,211	465,941	508,316	804,579	\$ 807,138
4011	DELINQUENT TAXES	14,457	16,574	9,897	8,000	\$ 13,000
4012	PENALTIES AND INTEREST	8,627	9,720	8,796	6,000	\$ 9,000
4015	IN LIEU OF TAXES					
4550	INTEREST INCOME	206	122	127		\$ 150
4590	OTHER SOURCES-BOND PROCEEDS		5,997	8,228		
4950	UTILITY FUND TRANSFERS					
	DSF REVENUES from AD VALOREM TAXES	471,501	498,354	535,364	818,579	\$ 829,288
550-650	BOND PRINCIPAL	205,000	210,000	215,000	285,000	\$ 295,000
550-655	BOND INTEREST	71,981	63,482	19,492	25,872	\$ 20,554
550-660	FISCAL AGENT FEES	2,650	2,250	2,250	2,650	\$ 2,400
550-661	BOND ISSUANCE COSTS					
550-670	FIRE TRUCKS					
550-698	PROPERTY TAX REFUNDS					
550-910	TRANSFER OUT - GENERAL FUND					
550-980	OTHER USES - PYMT TO BOND ESCROW					
550-995	TRANSFER OUT - UTILITY FUND	168,909	252,494	293,025	491,057	\$ 489,190
	DSF PAYMENTS	448,539	528,225	529,767	804,579	\$ 807,143
	TOTAL DSF	22,962	(29,871)	5,598	14,000	\$ 22,145

Note - The 2007, 2011 and 2012 Series includes a tax pledge and are therefore eligible to be funded by property taxes.

3a

UTILITY FUND REVENUES

ACCT		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
50	DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
					0.0%	408329500.0%
	<u>SERVICES</u>					
4001	WATER SALES	2,305,135	2,460,890	2,295,766	2,099,172	2,049,029
4002	SEWER SALES	1,484,310	1,522,993	1,443,396	1,436,408	1,483,565
4003	WATER TAPS	6,050	26,224	11,439	18,000	18,000
4004	SEWER TAPS	3,500	8,661	4,150	18,000	18,000
4005	METER SET FEES	-	-	-	-	-
4006	VACUUM BREAKERS	-	-	-	-	-
4007	SEWER ACCESS FEES	-	-	-	-	-
4490	LOT DEVELOPMENT FEES	-	-	-	-	-
	TOTAL SERVICES	3,798,995	4,018,769	3,754,750	3,571,580	3,568,594
	<u>OTHER</u>					
4501	PENALTY DELINQUENT ACCOUNTS	89,657	95,942	86,965	95,000	88,000
4502	RECONNECT FEES	12,154	12,875	12,855	10,000	12,000
4504	TURN-ON/TURN-OFF FEE	416	420	240	416	420
4505	CREDIT CARD FEES	6,498	7,984	10,253	5,000	5,000
4510	WATER REIMB-ARANSAS PASS	71,522	47,015	61,396		53,000
4550	INTEREST INCOME	1,736	2,037	2,143	2,200	2,200
4585	CASH OVER/SHORT	100	(21)	(59)		
4590	OTHER	20,811	10,494	116,474	10,000	10,000
4595	SALE OF ASSETS	4,203				
	TOTAL OTHER	207,097	176,746	290,268	122,616	170,620
	<u>OTHER FINANCING SOURCES</u>					
4610	TRANS MAIN LINES	-	-	-		
4615	DISTRIBUTION MAIN LINES					
4620	SRF BUYIN					
4940	TRANSFER IN - DEBT SERVICE	168,909	252,494	293,025	491,057	489,190
4950	TRANSFER IN	18,500	48,359	134,042		
4953	TRANSFER IN - RDA	551				
4970	TRANSFER IN					
	TOTAL OTHER FINANCING SOURCES	187,959	300,853	427,067	491,057	489,190
	TOTAL REVENUES	4,194,052	4,496,367	4,472,085	4,185,253	4,228,404

36 (1)

UTILITY FUND EXPENDITURES

ACCT		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
50	DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
500	NON-DEPARTMENTAL	\$ 1,675,123	\$ 2,035,426	\$ 1,990,229	\$ 1,373,454	\$ 1,441,167
502	CITY MANAGER	\$ 82,837	\$ 85,646	\$ 89,854	\$ 95,275	\$ 98,860
503	CITY SECRETARY	\$ 93,706	\$ 95,943	\$ 92,884	\$ 106,030	\$ 106,169
504	UTILITY BILLING	\$ 117,261	\$ 121,220	\$ 122,988	\$ 139,039	\$ 138,498
520	WATER	\$ 1,558,902	\$ 1,529,867	\$ 1,515,377	\$ 1,644,795	\$ 1,600,895
521	WASTEWATER	\$ 640,634	\$ 620,921	\$ 640,263	\$ 831,024	\$ 869,957
UF - TOTAL EXPENDITURES		\$ 4,168,464	\$ 4,489,023	\$ 4,451,595	\$ 4,189,617	\$ 4,255,546

UTILITY FUND NONDEPARTMENTAL

ACCT		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
500	DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
	<u>SUPPLIES</u>					
201	COPIER & OFFICE SUPPLIES		8	-	1,000	1,000
202	NON-DEPT POSTAGE					
210	HURRICANE PREPAREDNESS	-	-	-	-	-
225	OTHER SUPPLIES				-	-
	TOTAL SUPPLIES	-	8	-	1,000	1,000
	<u>MAINTENANCE & REPAIRS</u>					
330	BUILDING/STRUCTURAL MAINT.			-	1,000	1,000
335	INSTR/APPARATUS MAINTENANCE			-	500	500
	TOTAL MAINTENANCE & REPAIRS	-	-	-	1,500	1,500
	<u>CONTRACTUAL SERVICES</u>					
405	ADVERTISING	130				
420	RENTALS					
430	TELEPHONE					
431	INTERNET ACCESS					450
432	SECURITY MONITORING					
435	ELECTRIC UTILITY				-	-
438	INSURANCE	55,358	56,350	55,687	60,000	60,000
439	JANITORIAL SERVICES					
440	SENIOR CITIZENS					
465	ATTORNEY FEES	9,158	19,204	8,060	10,000	15,000
466	BASE CLOSURE					
472	CONTRACT - EMS					
474	WEBSITE EXPENSES				-	-
476	CONTRACT - ENGINEER	10,598	22,234	13,938	6,000	15,000
477	CONTRACT WATER RATES					
478	AUDIT	15,750	19,125	21,250	16,750	17,500
480	ECONOMIC DEVELOPMENT/BRACK					
484	CONTRACT - CONSULTING/LITIGATION	6,050	157,606			
485	COASTAL BEND BAYS & ESTUARIES				-	-
	TOTAL CONTRACTUAL SERVICES	97,044	274,519	98,935	92,750	107,950

3c(1)

UTILITY FUND NONDEPARTMENTAL

ACCT		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
500	DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
	<u>EXPENDITURES</u>					
515	DUES AND MEMBERSHIPS	376				
560	FISCAL AGENT FEES					
574	WEBSITE EXPENSE					
580	PERSONNEL ALLOCATION COST					
585	EMERGENCY RESERVE / LOSS OF NAVY NET REVENUES					
597	TX WATER/SEWER BOND					
599	UN-RESTRICTED RESERVE/CONTENGENCY			0	0	0
	TOTAL BOND COSTS	376	-	-	-	-
	<u>BOND P & I</u>					
650	BOND PRINCIPAL			-	415,000	425,000
655	BOND INTEREST	135,419	158,281	97,527	108,704	95,075
660	FISCAL AGENT FEES	2,500	3,000	1,000	3,500	3,500
690	COLLECTION FEES		-	-	1,000	1,000
	TOTAL BOND P & I	137,919	161,281	98,527	528,204	524,575
	<u>CAPITAL OUTLAY</u>					
790	RDA HOOKUPS					
	TOTAL CAPITAL OUTLAY	-	-	-	-	-
	<u>INVENTORY</u>					
800	INVENTORY INCREASE/DECREASE	(24,396)	(1,285)	9,066		
801	BAD DEBT	27,215	21,190	21,602		
	TOTAL INVENTORY INCREASE/DECREASE	2,819	19,905	30,669	-	-
	<u>TRANSFERS</u>	Note	Note	Note	Note	Note
975	DEPRECIATION	713,296	724,559	735,717		
980	AMORTIZATION-LOSS ON BOND					
981	AMORTIZATION-PSG					
982	AMORTIZATION-BOND 2000 ISSUE	23,670	21,478	26381.44		
990	TRANSFER TO GENERAL FUND	500,000	460,000	500,000	750,000	806,142
990	TRANSFER TO CAPITAL FUND	200,000	373,676	500,000		
991	TRANSFER TO UTILITY GRANT PROJECTS	-	-	-	-	-
	TOTAL TRANSFERS	1,436,966	1,579,712	1,762,099	750,000	806,142
	TOTAL NON-DEPARTMENTAL	1,675,123	2,035,426	1,990,229	1,373,454	1,441,167

3c(2)

Annual Debt Service Schedule - FY2015

Total Utility Debt Supp. By Rev.

WW Series 2002A Utility-2/1/15

Total

	Principal	Interest	Annual Total
\$	30,000	\$ 885	\$ 30,885
\$	30,000	\$ 885	\$ 30,885

Utility Debt Supported by Taxes:

G. O. Refunding Series 2007

2/1/2015	\$ 130,000	\$ 20,250	\$ 150,250
8/1/2015	\$ -	\$ 17,325	\$ 17,325
Totals	\$ 130,000	\$ 37,575	\$ 167,575

CO Series 2011

2/1/2015	\$ 95,000	\$ 17,472	\$ 112,472
8/1/2015	\$ -	\$ 15,990	\$ 15,990
Totals	\$ 95,000	\$ 33,462	\$ 128,462

GO Ref. Series 2012 Utility

2/1/2015	\$ 170,000	\$ 12,380	\$ 182,380
8/1/2015	\$ -	\$ 10,773	\$ 10,773
Totals	\$ 170,000	\$ 23,153	\$ 193,153

Total Utility Debt Supp. By Taxes

Total Utility Debt - Rev & Tax Supported

\$ 395,000	\$ 94,190	\$ 489,190
\$ 425,000	\$ 95,075	\$ 520,075

General Fund Debt:

GO Ref. Series 2012:

2/1/2015	\$ 215,000	\$ 7,513	\$ 222,513
8/1/2015		\$ 5,481	\$ 5,481
Totals	\$ 215,000	\$ 12,994	\$ 227,994

Tax Notes Series 2013 - GF

2/1/2015	\$ 80,000	\$ 4,116	\$ 84,116
8/1/2015	\$ -	\$ 3,444	\$ 3,444
Totals	\$ 80,000	\$ 7,560	\$ 87,560

Total General Fund

\$ 295,000	\$ 20,554	\$ 315,554
-------------------	------------------	-------------------

Note - The 2007, 2011 and 2012 Series includes a tax pledge and are therefore eligible to be funded by property taxes.

IDC Debt:

2/1/2015	\$ 55,000	\$ 2,882	\$ 57,882
8/1/2015	\$ -	\$ 2,363	\$ 2,363
Totals	\$ 55,000	\$ 5,245	\$ 60,245

INGLESIDE DEVELOPMENT CORPORATION 4(B)

ACCT		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
23	DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET
					0.95	0.95
4013	SALES TAX	130,211	141,650	157,702	142,374	141,669
4550	INTEREST INCOME	406	436	395	429	429
4950	TRANSFER IN					
	TOTAL REVENUES	130,617	142,086	158,097	142,803	142,098
500-103	LABOR OPERATIONS					8,119
500-108	RETIREMENT					784
500-120	SOCIAL SECURITY TAXES					621
500-125	UNEMPLOYMENT TAXES					135
500-135	WORKMENS COMPENSATION					36
	TOTAL PERSONNEL SERVICES					9,695
500-415	TRAVEL	moved to 510				
500-465	ATTORNEY FEES		421		-	
500-474	WEBPAGE EXPENSES				-	16,550
500-476	CONTRACT ENGINEER					
500-480	ECONOMIC DEVELOPMENT		450	5,144	33,500	20,000
500-510	TRAINING/MEETINGS/CONFERENCE	843		-	2,000	6,000
500-601	ADVERTIZING			-	-	-
500-620	VOCATIONAL TRAINING FACILITY					
500-650	CERTIFICATE PRINCIPAL	50,000	50,000	55,000	55,000	55,000
500-655	INTEREST ON CO's	24,325	21,975	5,820	6,284	5,245
500-660	FISCAL AGENT FEES	1,150		-		
500-990	TRANFER OUT - EDC FUNDING 24 Months					
500-602	PROMOTIONAL				14,167	14,167
	TOTAL EXPENDITURES	76,318	72,846	65,964	110,951	126,657
	BALANCE	54,299	69,240	92,133	31,851	15,441
	Beginning Available Fund Balance	294,093	348,393	417,633	509,766	541,617
	Ending Available Fund Balance	348,393	417,633	509,766	541,617	557,058